GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:5266
ANSWERED ON:23.04.2001
COST OF TELECOM EQUIPMENTS
MANIKRAO HODLYA GAVIT

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the cost of imported telecom equipments is cheaper than those of indigenously manufactured;

(b) if so, the details thereof; and

(c) the steps proposed to be taken by the Government for producing such equipments at cheaper rate?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS (SHRI TAPAN SIKDAR)

(a) & (b): The cost of telecom equipment depends upon various factors such as source of technology, indigenous availability of raw material/components, volume of production i.e. economy of scale, customs and excise duties etc. The equipment which are being manufactured with indigenous know-how and involve large scale of indigenisation are generally cheaper than those imported from outside. However, incase the Indian manufacturer has to pay technical know-how fee and royalty towards technology transfer and having higher import content, imported equipment may be cheaper than indigeneously manufactured telecom equipment.

(c) Though, in the deregulated environment, the Government has no role to play in controlling the price of telecom equipment, the following steps taken by the Government would result in producing such equipment at cheaper rate:-

i) No industrial license is required for the manufacture of telecom equipment and, therefore, no restriction on number of manufacturing units for a particular product. This would generate competition and result in reduction in cost.
ii) India has committed reduction of customs duty on IT products to zero in a phased manner as per Information Technology Agreement under WTO. This commitment also envisages reduction of customs duty on components for the IT products including telecom equipment. With the reduction of customs duty on the inputs, the cost of indigenous telecom equipment would reduce further.
iii) The Department of Telecom has requested State Governments to reduce sales tax on telecom products.
iv) Telecom R&D Council had been set up to promote indigenous product development.